Groupe Laperriere & Verreault Inc.

2004

ANNUAL REPORT

GL&V

SHAREHOLDER FACT SHEET

OVERVIEW OF FISCAL 2003-2004

GL&V

LEADER IN LIQUID/SOLID SEPARATION TECHNOLOGIES

Fiscal 2003-2004 was a year of great accomplishments for GL&V, while giving rise to substantial challenges. Four key elements highlighted this period:

+ the integration of Eimco, of which expected synergies materialized;
+ the exceptional performance of the Process Group, particularly in the high-potential ore processing and water treatment markets;
+ an in-depth reorganization of the Pulp and Paper Group in response to market trends; and
+ a substantial reduction in GL&V's indebtedness.

MAJOR ACHIEVEMENTS OF THE YEAR ENDED MARCH 31, 2004

PROCESS GROUP (DORR-OLIVER EIMCO)

+ Integration of Eimco completed on schedule (engineering, sales, spare parts services, international business centres and subcontracting networks, product lines);
+ Termination of manufacturing activities in Salt Lake City, Utah (United States), and sale of non-strategic assets;
+ Synergies of more than $30 million realized;
+ Contract of over $30 million obtained and completed in the Chinese pulp and paper market;
+ Major contracts obtained in the global ore processing market;
+ Two acquisitions in the mining sector: Innovative Flotation CC. (South Africa) and 3-H Mining (United States);
+ Sales growth and international breakthrough in the municipal and industrial wastewater treatment market (revenues of $84 million in 2003-2004);
+ Creation of the Eimco Water Technologies entity, based in Salt Lake City, to accelerate GL&V's growth in the promising water treatment market.

PULP AND PAPER GROUP

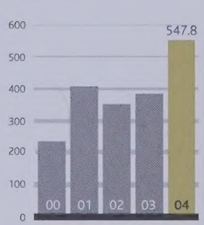
+ Greater focus on the spare parts business in North America;
+ Acquisition of the assets of Elite Cameron Inc. (United States);
+ Following a review of the Group's worldwide operations, implementation of a major restructuring plan consisting mainly in the termination, disposal and write-off of activities and assets that are no longer strategic;
+ Objective: create recurring savings of $6 million to $8 million over the next two years.

MANUFACTURING GROUP

+ Take-over of part of the manufacturing activities of the former Dorr-Oliver Eimco plant in Salt Lake City;
+ Efficient cost control.

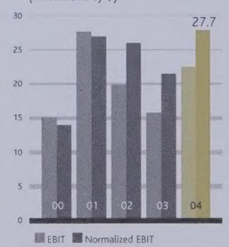
REVENUES

(in millions of $)



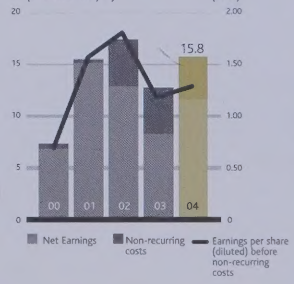
EBIT AND NORMALIZED EBIT

(in millions of $)



NET EARNINGS AND EARNINGS PER SHARE

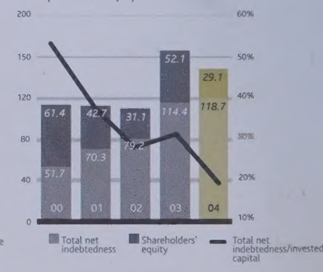
(in millions of $) *(in $)*



CAPITAL STRUCTURE

(as at March 31)

(in millions of $)



FINANCIAL HIGHLIGHTS

+ 117.5% revenue growth for the Process Group, whose contribution to consolidated sales increased from 38.9% to 60.9%;
+ Combined revenue decline of 10.9% for the Pulp and Paper Group and the Manufacturing Group due to difficult market conditions and a weak U.S. dollar;
+ 40.8% of consolidated revenues achieved in the aftermarket, compared with 52.3% last year due to major capital projects obtained by the Process Group;
+ Decrease in the gross profit margin as a result of a different revenue mix, lower selling prices in the pulp and paper market and a weaker U.S. dollar;
+ Non-recurring costs of $5.0 million, mostly attributable to the restructuring of the Pulp and Paper Group (this restructuring will be completed in fiscal 2004-2005 at an additional non-recurring cost estimated at $6.1 million);
+ Excluding these costs and other non-recurring items, normalized EBIT of $27.7 million, up 29.5% over last year;
+ Net earnings of $11.6 million ($15.8 million excluding non-recurring costs), up 40.3% over last year (23.8% excluding non-recurring costs);
+ Earnings per share of $0.97 basic and $0.94 diluted ($1.32 and $1.28 respectively, excluding non-recurring expenses that had a $0.34 net impact on diluted net earnings per share);
+ The increase in the Canadian dollar in relation to the U.S. dollar had a negative impact of $36.2 million on revenues, $4.0 million on EBIT and $2.8 million or $0.23 per share on net earnings;
+ Total net debt reduced by $23.0 million or 44.1%, to $29.1 million, which is less than it was prior to the acquisition of Eimco;
+ The ratio of total net debt to invested capital brought down from 31.3% as at March 31, 2003, to 19.7% as at March 31, 2004: its lowest level in six years;
+ Therefore, GL&V is in a solid position to pursue its expansion through acquisitions.

Fiscal **2003-2004** was a year of great accomplishments for GL&V, while giving rise to substantial challenges. Four key elements highlighted the period:
+ the integration of Eimco, of which expected synergies materialized;
+ the exceptional performance of our Process Group, particularly in the high-potential ore processing and water treatment markets;
+ an in-depth reorganization of our Pulp and Paper Group in response to market trends; and
+ a substantial reduction in GL&V's indebtedness.

For the past two years, our efforts have been mainly focused on integrating Dorr-Oliver Eimco and consolidating our Pulp and Paper Group. Having put in place a structure that is more closely adapted to the new realities of our various markets and a better focused strategy than ever, we are now ready to systematically develop the tremendous potential of our global organization. In fact, we are just about to enter the next phase of GL&V's development, which will take full advantage of our international network and our positioning in the most promising market segments.

GL&V closed fiscal 2003-2004 with net earnings of $11.6 million, up 40% over last year. Our performance was affected by a more difficult than expected situation in the pulp and paper sector and the decisions we made to adapt our organization to this new reality, coupled with the strong depreciation of the US dollar. However, although below expectations, we deem last year's results satisfactory in light of the Process Group's excellent contribution. Excluding the non-recurring costs of $5.0 million, mostly related to the restructuring of our Pulp and Paper Group, we would have achieved net earnings of $15.8 million, one of our best performances ever. We also met one of our main financial objectives by reducing our total net debt to $29.1 million, for a total net debt / invested capital ratio of 19.7%. Thereby, in less than 18 months, we not only managed to lower GL&V's indebtedness to a lesser level than before the acquisition of Eimco, but to its lowest level in six years.

PROCESS GROUP: OUR KEY GROWTH ENGINE FOR 2003-2004 AND SUBSEQUENT YEARS

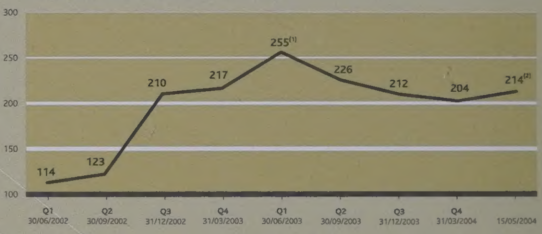
We are proud to say that the acquisition of Eimco and its integration within the Process Group have exceeded our expectations. Already well underway by the end of the previous fiscal year, we completed on schedule the consolidation of engineering, sales and spare parts activities, international business centres and subcontractor networks, as well as the DORR-OLIVER® and EIMCO® product lines, generating synergies that met and even exceeded our initial objective. We estimate these synergies at over $30 million on an annualized basis, as a result of reduced operating expenses, sales growth of over 117% for the Process Group in 2003-2004 and increased value-added, particularly with respect to the quality of the technological solutions we now provide our customers.

For instance, the combination of the technologies and significant installed bases of DORR-OLIVER®, EIMCO® and WEMCO® equipment throughout the world has made GL&V one of the largest international suppliers of liquid/solid separation technologies to the mining industry. We provide efficient, competitive and recognized technologies for metal and ore processing, as well as for the treatment of mine tailings. Due to its enhanced technology platform and increased sales and service capabilities in the most dynamic mining regions in the world, our Process Group is positioned to take advantage of the mining industry's recovery initiated in the summer of 2003. Dorr-Oliver Eimco's product portfolio provides GL&V with a strong position in a number of other international market niches such as dewaxing processes for lubricants, alumina production and recausticizing systems used by the pulp and paper industry.

GL&V anticipates that 2004-2005 will be one of its best fiscal years ever, as a result of the actions taken in 2003-2004, a favourable outlook in its key markets, and more stable conditions in the pulp and paper market. Its performance is expected to be particularly strong in the second half of the year, and even more so in 2005-2006, as GL&V will begin to truly benefit from the savings resulting from the Pulp and Paper Group's restructuring.

As at May 15, 2004, GL&V's order backlog amounted to $214 million compared with $204 million on March 31, 2004. Whereas the Pulp and Paper Group is currently experiencing an improvement in market conditions, the Process Group is pursuing its growth in the mining and water treatment markets. An encouraging sign for the coming year: in the fourth quarter of fiscal 2004, the Process Group posted a 51% sales increase, essentially attributable to internal growth.

ORDER BACKLOG *(in millions of $)*



(1) Including a contract of approximately $30 million obtained in China, and completed in the first quarter of fiscal 2004-2005
(2) According to the Company's most recent compiled statistics

MARKET OUTLOOK:

Metals and Ore Treatment

+ Prices for metals have firmed up since the summer of 2003 and are expected to continue rising over the next two to three years, mostly as a result of strong demand from China;
+ Capital spending on infrastructures expected to pick up, especially in the Southern Hemisphere and emerging countries;
+ In North America, capital spending should mostly be focused on the modernization of existing equipment and the environmental aspect of mining operations.

Drinking Water and Wastewater Treatment

+ It is expected that approximately US$180 billion will be invested annually over the next 25 years in worldwide municipal and industrial water treatment and management infrastructures (source: Desjardins Securities);
+ U.S. market estimated at some US$92 billion (source: Environmental Business Journal);
+ Good growth opportunities in Europe as well.

Pulp and Paper

+ Gradual shift of production to developing markets;
+ Firmer prices for market pulp and certain paper grades over the past year;
+ Some analysts expect a slight increase in capital spending by North American producers in 2004 and 2005.

VISION AND OBJECTIVES:
THE BEGINNING OF A NEW GROWTH PHASE FOR GL&V

GL&V will be a world leader in liquid/solid separation solutions in all its target markets, including metals and ore processing, municipal and industrial water treatment and pulp and paper production.

+ **GL&V will establish its international leadership** by strengthening its positioning in emerging markets.
+ **GL&V will remain a value-added, niche player** by pursuing targeted opportunities to participate in large capital projects, while maintaining its focus on the aftermarket and continuously improving its technological platform.
+ **GL&V will maintain an optimal cost structure,** notably by reinforcing and expanding its subcontracting networks.
+ **GL&V will continue to be an efficient business consolidator and integrator,** with a view to achieving its sales objective of $1 billion in the near future.

POISED TO REALIZE OUR FULL POTENTIAL

After two years of efforts largely focused on integrating Dorr-Oliver Eimco and consolidating the Pulp and Paper Group, GL&V is now ready to systematically develop the potential of its global organization. Having put in place a structure that is more closely adapted to the new realities of its various markets and a better focused strategy than ever, the Company is about to enter the next phase of its development, which will take full advantage of its international network and its positioning in promising market segments.

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DESCRIPTION OF BUSINESS

Founded in 1975, Groupe Laperrière & Verreault Inc. ("GL&V" or the "Company") is a world leader in liquid/solid separation technologies used in a large number of industrial and environmental processes.

Its **Process Group (Dorr-Oliver Eimco)** offers a broad range of products and services intended for metal and ore processing, the treatment of drinking water and municipal and industrial wastewater, the pulp and paper sector, as well as industrial and environmental processes used in various other sectors such as chemical, petrochemical, food, steel and energy. For its part, GL&V's **Pulp and Paper Group** designs and commercializes equipment for various stages of pulp and paper production.

Through its two main groups, GL&V has proprietary rights to many recognized technologies and trademarks, several of which rank among the world market leaders for the size of their installed base of equipment. This advantage enabled the Company to develop a significant after-market business: a value-added activity with recurring revenues.

GL&V's **Manufacturing Group** specializes in the production of large custom-made parts for GL&V's other groups and for external customers, mainly in the pulp and paper and energy sectors. However, most of the Company's products are manufactured by an international network of subcontractor partners, providing the Company with a competitive cost structure that can easily be adapted to market fluctuations.

In recent years, GL&V has acted as a major consolidator of its industry and an efficient business integrator, thereby becoming a global supplier operating in forty countries on six continents and employing nearly 1,400 people. Over the next years, GL&V's growth strategies will largely focus on developing its presence and expertise in the high-potential wastewater and drinking water treatment market and within the global mining industry.

CONTENTS

Richard Verreault,
Executive Vice-President and
Chief Operating Officer

Laurent Verreault,
Chairman of the Board,
President and Chief Executive Officer

Bringing together the expertise of Dorr-Oliver and Eimco in the treatment of drinking water and municipal and industrial wastewater has enabled GL&V to establish a significant presence in this promising market. In fiscal 2004, we achieved revenues of $84 million, i.e. 15% of GL&V's consolidated revenues, in the water treatment market, which is more than the objective set at the beginning of the year. We not only obtained several major contracts in North America — our main water treatment market for the time being — but also made promising breakthroughs in countries such as Great Britain, Spain, Russia, Israel, China and, just recently, Singapore. To accelerate our growth in the municipal and industrial water treatment market, we created **Eimco Water Technologies**, which will focus exclusively on developing our presence and our technological platform in this sector, mainly by acquiring companies with technologies that are complementary to ours.

PULP AND PAPER GROUP: A REORGANIZATION THAT WILL GENERATE ANNUALIZED SAVINGS OF $6 MILLION TO $8 MILLION

Already affected for many years by weak capital spending by North American pulp and paper manufacturers, last year our Pulp and Paper Group experienced further pressure on its selling prices and profit margins due to increased competition.

In view of this difficult situation and an unfavourable short-term outlook for the North American pulp and paper industry, we undertook an in-depth review of the Pulp and Paper Group's worldwide operations with the objective of reducing operating costs. As a result, a significant restructuring program was implemented during the third and fourth quarters, involving mainly the closing, sale and write-off of non-strategic facilities in the United States. Although entailing non-recurring restructuring costs totalling approximately $10.4 million, of which $4.2 million was recognized in the financial statements of March 31, 2004, this restructuring program will reduce the Pulp and Paper Group's operating expenses by $6 million to $8 million on an annualized basis.

WELL POSITIONED TO BENEFIT FROM OUR MARKETS' PROSPECTS

For 2004-2005 and subsequent years, one of our major sources of growth will undoubtedly be the **metals and ore processing market**. In 2003, prices for most base metals and several precious metals initiated a sustained upward trend, driven by strong demand from China. Given the Chinese economy's growth, market analysts are optimistic about the global mining industry's short and medium-term outlook, and expect that metal prices will continue to rise until at least 2006, providing producers with an incentive to activate or reactivate many large capital spending projects.

Consistent with the trend observed in the last few years, most of these projects will be concentrated in the Southern Hemisphere and other regions with significant mineral resources and attractive production costs, such as China, India, Brazil, Chile, South Africa, Australia and Russia. Our Process Group has established its presence and reputation in each of these regions, where it also benefits from a significant installed base of equipment in operation. As for the mature North American mining industry, we expect that capital spending will mostly be focused on the modernization of existing equipment and the environmental aspect of mining operations.

GL&V's vision for the future is largely based on the potential of the **water treatment market**, which offers phenomenal opportunities in the short, medium and long term. Some analysts estimate that over the next 25 years, the expenditures needed on a global scale to provide adequate infrastructures for treating and managing industrial and municipal water will amount to some US$180 billion annually. More than half of these funds will be spent in the United States to expand infrastructures and modernize existing installations, many of which date back to the 1970s. Accordingly, GL&V will concentrate on consolidating its presence in the North American water treatment market and gradually expanding into international markets.

The **pulp and paper market** also offers attractive opportunities, especially in the Southern Hemisphere and Asia, where production is gradually shifting. In North America, our Pulp and Paper Group has experienced some improvement in market conditions since the beginning of the new fiscal year, as prices for market pulp and certain paper grades have firmed up during the last few quarters. In fact, some analysts forecast a recovery in capital spending in 2004 and 2005. However, despite these encouraging signs, we prefer to remain cautious about this market's outlook. We will continue to focus on spare parts and other aftermarket services, and further leverage our OEM expertise with our regional customers. Last year, this strategy notably enabled us to regain a significant share of the refiner market in the Southern United States.

For fiscal 2004-2005, although we expect sales for the Pulp and Paper Group and the Manufacturing Group to be stable or slightly higher than last year, we are confident that the development of the Process Group in its major target markets, together with the contribution of Eimco Water Technologies, will continue to drive GL&V's revenue growth over the coming quarters. A very encouraging indicator for the coming quarters is the 51% increase of the Process Group's sales in the last quarter of fiscal 2004, which is all the more remarkable that this performance was essentially attributable to internal growth.

Generally speaking, we believe 2004-2005 will be one of GL&V's best fiscal years ever, as a result of the actions taken in 2003-2004, a favourable outlook in our key markets, and more stable conditions in the pulp and paper market. Our performance is expected to be particularly strong in the second half of the year, and even more so in 2005-2006, as we will begin to truly benefit from the savings resulting from the Pulp and Paper Group's restructuring.

POISED TO REALIZE OUR FULL POTENTIAL: THE BEGINNING OF A NEW GROWTH PHASE FOR GL&V

GL&V's profile has evolved considerably over the last two years, along with its potential for growth and creation of shareholder value. During that time, we have deepened our understanding of global markets and adapted our organization, resources and growth strategies accordingly. Recently, we further defined our vision of the future, which is to make GL&V a world leader in liquid/solid separation solutions in all its target markets.

This global vision, which we will constantly adapt to the ever-changing needs of our regional markets, is based on the following strategies:

+ **GL&V will establish a solid and lasting international leadership.** To this end, we have undertaken to strengthen our presence in emerging markets and the most dynamic regions of the Southern Hemisphere, particularly China and India, where we will allocate additional resources starting this year. These regions offer strong potential for most of our technologies, whether in the water treatment industry or the mining, pulp and paper and chemical industries. We will also increase our already well established presence in South Africa, Australia and South America, where we currently have engineering and sales centres in Chile, Brazil and Peru, which serve the mining and the pulp and paper industries. Furthermore, at the beginning of this fiscal year, we strengthened our European organization in order to benefit from the anticipated growth in capital spending on municipal and industrial infrastructures in Russia, to increase our market share in Europe and to emphasize the role of our European group as a significant export platform to other regions of the world.

+ **GL&V will remain a niche player,** focused on technological solutions and value-added services designed to support its customers' performance objectives in the most efficient and economical way. This approach underlies the targeted pursuit of opportunities to participate in major capital spending projects — mainly in developing regions — while maintaining a clear focus on the aftermarket, not only in the mature North America and European markets, but wherever we can take advantage of the installed base of equipment derived from our technologies and the reputation of our trademarks. To build further added value, we will continue to develop our product portfolio in response to market needs, through in-house development, technology partnerships and acquisitions. Recently, our two largest groups set up a technology support team whose mission is to contribute to GL&V's profitable development on international markets by training regional teams to better understand, market, sell and improve our flagship technologies.

+ **GL&V will maintain an optimal cost structure** at all times and in all markets. In particular, we will reinforce our subcontracting networks and expertise in this field in order to constantly improve our competitiveness and profitability. We thereby plan to develop subcontracting networks in China and India, where excellent technical resources are available in addition to a growing manufacturing sector.

+ **GL&V will continue to be an efficient business consolidator and integrator** to achieve its sales objective of $1 billion in a near future. We will mainly target business acquisitions in the water and mineral processing sectors, and in emerging regions.

Our objectives are ambitious but realistic considering the quality of our resources, especially our employees, whom we will continue to train and motivate to promote the stability and quality of our workforce, support the Company's financial performance and secure its future leadership. With its low debt level and its financing capacity, GL&V also has the financial strength and flexibility needed to continue expanding.

We look forward to the years ahead with confidence and great enthusiasm, as they will very likely represent the most dynamic and stimulating period in GL&V's history. That is why we invite all GL&V employees to continue devoting their creativity and talent to the Company. We thank each one of them for the excellent work achieved last year in conditions that were sometimes difficult. We also want to thank the Company's shareholders for their confidence as well as our business partners, especially our customers and suppliers. We are very grateful to the members of GL&V's Board of Directors for their invaluable support. Lastly, we want to mention the contribution of Yvon L'Heureux, one of the original architects of GL&V's success, who will be retiring this year after 25 years of service with the Company, during which he held various management positions.

Laurent Verreault
Chairman of the Board, President
and Chief Executive Officer

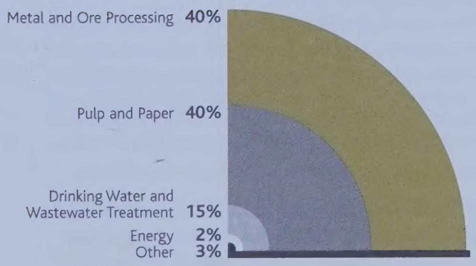
Richard Verreault
Executive Vice-President and
Chief Operating Officer

June 3, 2004

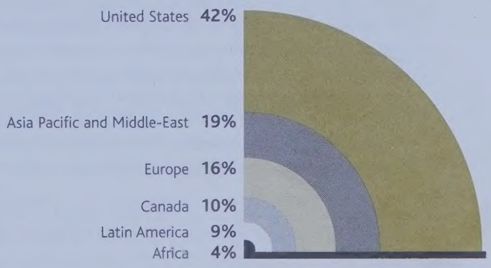
GLOBAL POSITIONING

- Operating Centres
- Head Office and Executive Office
- Agents and Licensees

BREAKDOWN OF REVENUES BY MARKET
(fiscal year ended March 31, 2004)



BREAKDOWN OF REVENUES BY REGION
(fiscal year ended March 31, 2004)



Fiscal years ended March 31,	**2004**	2003	2002	2001	2000
Operating Results (in thousands of $)					
Revenues	**547,837**	382,589	352,628	407,465	235,440
EBITDA (1) (2)	**31,059**	23,955	26,798	34,639	20,801
Normalized EBITDA (1) (2)	**36,413**	29,632	32,821	34,084	19,813
EBIT (1) (2)	**22,321**	15,694	19,841	27,459	15,026
Normalized EBIT (1) (2)	**27,675**	2,371	25,864	26,904	14,038
Net earnings	**11,584**	8,255	12,920	15,243	6,837
Net earnings before non-recurring costs (2)	**15,776**	12,748	17,267	15,596	7,180
Return on average shareholders' equity	**9.9%**	8.5%	17.3%	25.0%	13.9%
Return before non-recurring costs (2)	**13.5%**	13.2%	23.1%	25.6%	14.6%
Financial Position (in thousands of $)					
Total assets	**327,689**	331,518	220,505	231,210	225,907
Long-term debt (3)	**60,995**	89,898	56,378	58,636	71,909
Shareholders' equity	**118,745**	114,420	79,180	70,315	51,719
Available cash	**31,921**	37,846	25,255	15,903	15,793
Total net indebtedness	**29,074**	52,052	31,123	42,733	61,359
• as a % of total invested capital	**19.7%**	31.3%	28.2%	37.8%	54.3%
Per-share data (in $)					
Earnings					
• basic	**0.97**	0.79	1.37	1.60	0.82
• diluted	**0.94**	0.76	1.34	1.57	0.69
Earnings before non-recurring costs (2)					
• basic	**1.32**	1.21	1.83	1.60	0.82
• diluted	**1.28**	1.17	1.79	1.57	0.69
Book value	**9.91**	9.60	8.44	7.32	6.22

(1) EBITDA is earnings before depreciation, amortization, financial expenses and income taxes. EBIT is earnings before financial expenses and income taxes. Normalized EBITDA and normalized EBIT are EBITDA and EBIT before non-recurring costs and gains and losses on disposal and write-off of fixed assets, investments, commercial operations and other assets (excluding write-off of deferred financing expenses for 2003). EBITDA, normalized EBITDA, EBIT and normalized EBIT performance measures used by the Company are not measures of results that are consistent with generally accepted accounting principles. They are not intended to be regarded as an alternative to other financial accounting performance measures or to the statement of cash flows as a measure of liquidity. They are not intended to represent funds available for debt service, dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute for performance measures prepared in accordance with generally accepted accounting principles. Such measures are used by the Company because management believes these are meaningful measures of performance. These measures are commonly used by the investment community to analyze and compare the performance of companies in the industries in which the Company is engaged. The Company's definition of these measures may not be similarly titled measures reported by other companies.

(2) For fiscal 2000, 2001 and 2002, the figures related to EBIT, normalized EBIT, EBITDA, normalized EBITDA, as well as items before non-recurring costs, namely net earnings (total and per share) and return on average shareholders' equity, also exclude amortization of goodwill.

(3) Including current portion

MANAGEMENT'S REPORT ON OPERATING RESULTS AND FINANCIAL POSITION

FOREWORD

GENERAL

Management's Report relates to the operating results and cash flows of Groupe Laperrière & Verreault Inc. ("GL&V" or the "Company") for the fiscal years ended March 31, 2004 and March 31, 2003, as well as its financial position as at those dates. It should be read in conjunction with the audited consolidated financial statements and accompanying notes. For further information, the reader is also invited to consult GL&V's Annual Information Form and interim financial reports, available on SEDAR's website (www.sedar.com).

In this Management's Report, GL&V or the Company designates, as the case may be, Groupe Laperrière & Verreault Inc. and its subsidiaries and divisions, or Groupe Laperrière & Verreault Inc. or one of its subsidiaries or divisions.

Management's Report is designed to assist investors in understanding the nature and the importance of the changes and trends, as well as the risks and uncertainties associated with GL&V's operations and financial position. Some sections of this report contain forward-looking statements, which because of their nature, necessarily involve a number of uncertainties as well as known and unknown risks. The Company's actual and future results could therefore differ materially from those indicated or underlying these forward-looking statements. Such risk factors include the trends in demand for the Company's products and the costs of its raw materials, fluctuations in the value of various currencies, competitive pressures on selling prices, compliance with environmental legislation, and general changes in economic conditions.

The information contained in this Management's Report accounts for any major events occurring prior to June 3, 2004, on which date the Board of Directors approved the audited financial statements and Management's Report.

Unless otherwise indicated, the financial information presented in this report, including tabular amounts, is expressed in Canadian dollars and prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The information contained in this report also includes some figures that are not performance measures consistent with GAAP. For instance, GL&V uses "EBITDA" (earnings before depreciation, amortization, financial expenses and income taxes), "normalized EBITDA" (EBITDA before non-recurring costs and gains and losses on disposal and write-off of fixed assets, investments, commercial operations and other assets), "EBIT" (earnings before financial expenses and income taxes) and "normalized EBIT" (EBIT before non-recurring costs and gains or losses on disposal and write-off of fixed assets, investments, commercial operations and other assets), because such measures allow management to assess the operational and financial performance of the Company's various business sectors and are commonly used by the investment community to analyze and compare the performance of companies in the industries in which the Company is engaged. However, these measures are not intended to be regarded as alternatives to other financial accounting performance measures or to the statement of cash flows as a measure of liquidity. They are not intended to represent funds available for debt service, dividends, reinvestment or other discretionary uses, and should not be considered in isolation or as a substitute for performance measures prepared in accordance with GAAP. The Company's definition of these measures may not be similarly titled measures reported by other companies.

MAJOR ACQUISITION DURING FISCAL 2002-2003

On November 1, 2002, GL&V acquired substantially all of the assets and liabilities of the Eimco Process Equipment Division ("Eimco") of Baker Hughes Incorporated. The Company's largest acquisition ever, this transaction materially altered GL&V's profile, financial performance, breakdown of revenue sources and future financial outlook. Thus, a large proportion of the changes in results for the last two fiscal years can be explained by the fact that this acquisition contributed to results for the full twelve-month period of fiscal 2004, as opposed to just five months in fiscal 2003.

SELECTED CONSOLIDATED ANNUAL INFORMATION

(in thousands of $, except per-share amounts and number of shares outstanding)

	Fiscal Years Ended March 31,		
	2004	2003	2002
Revenues			
• Process Group	**362,101**	166,493	107,788
• Pulp and Paper Group	**211,101**	233,235	240,789
• Manufacturing Group	**21,782**	28,215	30,822
• *Other and eliminations*	*(47,147)*	*(45,354)*	*(26,771)*
Total	**547,837**	382,589	352,628
EBITDA	**31,059**	23,955	26,798
Normalized EBITDA	**36,413**	29,632	32,821
EBIT			
• Process Group	**35,598**	13,286	11,306
• Pulp and Paper Group	**(1,814)**	10,867	11,635
• Manufacturing Group	**289**	698	2,954
• *Other and eliminations*	*(11,752)*	*(9,157)*	*(6,054)*
Total	**22,321**	15,694	19,841
Normalized EBIT			
• Process Group	**36,893**	16,758	13,171
• Pulp and Paper Group	**2,246**	11,153	15,691
• Manufacturing Group	**288**	698	3,053
• *Other and eliminations*	*(11,752)*	*(7,238)*	*(6,051)*
Total	**27,675**	21,371	25,864
Net earnings	**11,584**	8,255	12,920
• basic per share	**0.97**	0.79	1.37
• diluted per share	**0.94**	0.76	1.34
Dividends in cash per share (1)	–	–	0.20
Weighted average number of shares outstanding (in thousands)			
• basic	**11,930**	10,514	9,421
• diluted	**12,298**	10,864	9,652
Balance sheet data (as at March 31):			
Total assets	**327,689**	331,518	220,505
Long-term financial liabilities (2)	**66,966**	95,600	61,163

(1) Special dividend paid on Class A subordinate voting shares and Class B multiple voting shares

(2) Encompasses long-term debt, including the current portion, and liabilities arising from pension funds

OPERATING RESULTS

REVENUES

During the fiscal year ended March 31, 2004, GL&V achieved consolidated revenues of $547.8 million, compared with $382.6 million the previous year. This increase of $165.2 million or 43.2% is mostly attributable to Eimco's contribution for the full twelve-month period versus five months the previous year. This contribution more than offset the decline in sales posted by the Pulp and Paper Group and Manufacturing Group, faced with difficult conditions in their respective markets. It should be noted that currency fluctuations during fiscal 2004, more especially the increase in the Canadian dollar in relation to the U.S. dollar, had a negative impact of $36.2 million on consolidated sales.

Geographically, GL&V realized 42% of its sales with customers based in the United States, 10% in Canada, 16% in Europe, 19% in the Asia-Pacific region and Middle East, 9% in Latin America and 4% in Africa.

GROSS MARGIN

The gross margin grew by $21.6 million or 19.3% to $133.7 million. Expressed as a percentage of sales, the gross profit margin stood at 24.4% in 2004, compared with 29.3% in 2003. This decline can be explained by three major factors:

+ a decrease in the Pulp and Paper Group's selling prices and profit margins due to a greater competition in this industry, especially in North America;

+ a different revenue mix resulting from the integration of Eimco into the Process Group, which now records a higher proportion of its revenues in large capital projects, such as the contract of over $30 million performed in China. Thus, the share of revenues generated in the aftermarket, where profit margins are superior to those of capital projects, stood at 40.8% in 2004, versus 52.3% in 2003; and

+ the negative impact of the exchange rate on the profit margin of GL&V's operating units based in Canada, which together recorded 38.4% of their sales in the United States last year.

OPERATING EXPENSES AND NON-RECURRING COST

Selling, administrative and R&D expenses totalled $97.7 million in 2004, compared to $82.5 million in 2003, due to the inclusion of Eimco's results for the full period as opposed to five months the previous year. However, these expenses as a proportion of sales improved from 21.6% in 2003 to 17.8% in 2004, as the synergies arising from the integration of Eimco gradually materialized.

GL&V recorded non-recurring costs of $5.0 million during fiscal 2004, compared with $5.6 million in 2003. Beginning in the third quarter, due to the persisting weakness of capital spending by paper manufacturers, the Company conducted an in-depth review of the Pulp and Paper Group's worldwide operations. Following this exercise, it designed and undertook to implement a restructuring program aimed at lowering the Pulp and Paper Group's operating costs through the disposal, sale or write-off of assets and business that had become non-strategic.

Extending over a period of about ten months from November 2003 to September 2004, this restructuring program primarily involves closing, selling and writing off of various properties and equipment, outsourcing certain manufacturing operations to allow GL&V to focus on its strategic engineering and spare parts business, and streamlining a number of business locations in North America and Europe. Once completed, we estimate that the restructuring will have translated into the termination of 142 jobs, mostly in the United States, and entailed non-recurring restructuring costs totalling approximately $10.4 million. Of this amount, $1.4 million and $3.6 million were recorded respectively in the third and fourth quarters of fiscal 2004, whereas the balance of some $6.1 million will be accounted for during the next fiscal year, mostly in the first and second quarters, in compliance with the new accounting regulations in effect since April 1, 2003.

These non-recurring costs consist primarily of workforce reduction expenses, closure expenses and other, as well as non-cash losses on the disposal and write-off of fixed assets. (*For further information about the breakdown of non-recurring costs for fiscal 2004 and 2003, as well as the estimated costs for fiscal 2005, the reader is referred to note 18 of the accompanying notes to consolidated financial statements.*)

According to management, this restructuring should enable GL&V to achieve annualized recurring savings of $6 million to $8 million. Management also believes that its impact on GL&V's cash will be reduced by the fact that the portion of the costs requiring actual cash outlays, consisting of termination benefits, closure expenses and other, should be fully or partially offset by the funds generated by the disposal of assets offered for sale.

EBITDA, EBIT AND NET EARNINGS

In 2004, GL&V posted an EBITDA of $31.1 million, up 29.7% over $24.0 million the previous year. Excluding non-recurring costs as well as gains and losses on disposal and write-off of fixed assets, investments, commercial operations and other assets (except for the write-off of deferred financing expenses in 2003), for a total of $5.3 million, normalized EBITDA amounted to $36.4 million, up 22.9% over $29.6 million a year earlier.

Depreciation and amortization, consisting mostly of depreciation of fixed assets, increased by only 5.8% to $8.7 million. Therefore, the additional depreciation and amortization expenses arising from Eimco's inclusion for the entire period were offset by the sale and write-off of fixed assets as part of Eimco's integration and the Pulp and Paper Group's restructuring, combined with strict control over new capital expenditures.

Consequently, EBIT amounted to $22.3 million, up 42.2% over $15.7 million during fiscal 2003. Excluding non-recurring costs as well as gains and losses on disposal and write-off of fixed assets, investments, commercial operations and other assets (except for the write-off of deferred financing expenses for 2003), normalized EBIT stood at $27.7 million, for an increase of 29.5% over $21.4 million the prior year.

GL&V incurred financial expenses of $8.6 million, compared with $5.1 million the previous year. This increase can be partially explained by the payment, for the entire period, of interest on the long-term debt contracted for the acquisition of Eimco, although the latter and the related financial expenses decreased considerably during the fiscal year, especially in the second half. In addition, due to the higher Canadian dollar in relation to the U.S. dollar, the Company recorded a $2.2 million exchange loss, compared with a $0.6 million exchange loss in 2003.

The effective tax rate went from 22.0% in 2003 to 15.3% in 2004. This decrease is mostly due to the fact that during the third quarter, the Company reassessed the tax provisions required at the national and international levels, which lowered its effective tax rate to 19.2%. In addition, in the fourth quarter, as it proved likely that the Company could use certain prior year loss carry-forwards, it had to recognize the related tax benefits, which resulted in a 15.3% effective tax rate.

GL&V therefore closed fiscal 2004 with net earnings of $11.6 million, up 40.3% over $8.3 million the previous year. This represents a 9.9% return on average shareholders' equity. Earnings per share amounted to $0.97 ($0.94 diluted) on a weighted average of 11,929,912 outstanding shares (12,297,559 on a diluted basis) in 2004, compared with $0.79 ($0.76 diluted) on 10,513,929 shares (10,864,030 on a diluted basis) in 2003. The increase in the number of outstanding shares can be primarily explained by the issue of 2,500,000 Class A subordinate voting shares in the third quarter of fiscal 2003.

For information purposes, without the non-recurring costs, net of related taxes amounting to $0.7 million, net earnings would have reached $15.8 million or $1.32 per share ($1.28 diluted), reflecting one of the best performances ever recorded by the Company. Return on average shareholders' equity would have been 13.5%. Non-recurring costs therefore had an impact of $0.34 on diluted earnings per share.

PRINCIPAL QUARTERLY FINANCIAL INFORMATION (UNAUDITED)

(in thousands of $, except per-share amounts)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal year ended March 31, 2004				
Revenues	120,878	134,271	145,736	146,952
Non-recurring costs	–	–	1,430	3,524
EBIT	6,450	6,332	6,446	3,093
Normalized EBIT	6,598	6,290	8,004	6,783
Net earnings	2,718	3,760	3,904	1,202
• basic per share	0.23	0.32	0.33	0.10
• diluted per share	0.22	0.31	0.32	0.10
Net earnings before non-recurring costs (net of taxes)	2,718	3,760	5,120	4,178
• basic per share	0.23	0.32	0.43	0.34
• diluted per share	0.22	0.31	0.43	0.32
Fiscal year ended March 31, 2003				
Revenues	74,511	78,876	103,671	125,531
Non-recurring costs	–	–	2,965	2,618
EBIT	3,177	4,313	2,592	5,612
Normalized EBIT	3,286	4,240	5,666	8,179
Net earnings	1,915	2,531	1,281	2,528
• basic per share	0.20	0.27	0.11	0.21
• diluted per share	0.20	0.26	0.11	0.21
Net earnings before non-recurring costs (net of taxes)	1,915	2,531	3,488	4,814
• basic per share	0.20	0.27	0.31	0.40
• diluted per share	0.20	0.26	0.30	0.39

The analysis of quarterly results clearly demonstrates the impact of the Eimco acquisition on the Company's revenues and profitability as of the third quarter of fiscal 2003. Subsequent to the acquisition, consolidated revenues posted growth rates of 62.2% and 70.2% respectively in the first and second quarters of 2004, as compared to the equivalent periods of 2003. In the third quarter, Eimco's inclusion for the full three-month period as opposed to two months in 2003 contributed to a 40.6% revenue growth. It should be pointed out that although substantial, these growth rates are lessened by the impact of exchange rate fluctuations. While both fourth quarters of 2004 and 2003 give full effect to Eimco's contribution, GL&V's sales nonetheless grew by 17.1% between the two periods, despite the decline in the Pulp and Paper Group's and Manufacturing Group's sales. This attests to solid internal growth for the Process Group, fuelled by more favourable conditions in certain of its target markets and the successful integration of Dorr-Oliver's and Eimco's international networks.

In regard to profitability, the quarterly trend in EBIT and normalized EBIT also reflects Eimco's contribution, which largely offset the erosion of the Pulp and Paper Group's profit margins. Normalized EBIT increased by 100.8%, 48.3% and 41.3% respectively in the first three quarters of 2004. In the fourth quarter, however, normalized EBIT decreased by 17.1% due to the Pulp and Paper Group's decline in results which, combined with the costs associated with its restructuring, brought its EBIT from $1.6 million in 2003 to an EBIT loss of $2.8 million in 2004. Conversely, also in the fourth quarter, the Company benefited from lower depreciation, amortization and financial expenses, as well a tax recovery related to prior year losses in foreign countries.

Finally, the comparison of quarterly results per share (basic and diluted) must take into account the issue of 2,500,000 new Class A subordinate voting shares on October 18, 2002, during the third quarter of fiscal 2003.

SEGMENTED PERFORMANCE

(Detailed segmented information is presented in note 23 to the consolidated financial statements.)

For fiscal 2004, revenues of the **Process Group**, now GL&V's largest sector, grew by $195.6 million or 117.5% to $362.1 million. This group thus accounted for 60.9% of GL&V's consolidated revenues (before inter-segment eliminations and other), compared with 38.9% in 2003. While mostly attributable to Eimco's contribution for the entire period, this increase also stemmed from internal growth resulting from combining Dorr-Oliver's and Eimco's networks, expertise and product lines. For instance, this group's revenues grew by 50.9% (mostly internally generated) in the fourth quarter, driven mainly by increased activity in the world ore processing market.

The Process Group's EBIT rose 167.9% from $13.3 million in 2003 to $35.6 million in 2004. This group incurred non-recurring costs of $0.7 million in 2004 as part of the finalization of Eimco's integration; in 2003, it had recorded $3.2 million in non-recurring costs related to this integration, in addition to $0.3 million losses on disposals of assets. Excluding non-recurring items for the last two fiscal years, the Process Group's normalized EBIT grew by 120.2% to $36.9 million, up from $16.8 million in 2003. In the fourth quarter, this group posted increases of 53.6% and 24.4% respectively in its EBIT and normalized EBIT.

The **Pulp and Paper Group**'s revenues decreased by $22.1 million or 9.5% to $211.1 million, due to difficult market conditions in North America, which notably translated into lower selling prices. Over half the reduction in revenues occurred in the fourth quarter, as they declined by $11.3 million or 17.1%. Also because of difficult market conditions, this group's normalized EBIT decreased by $8.9 million or 79.9%, from $11.2 million in 2003 to $2.2 million in 2004. Considering the $4.2 million non-recurring costs incurred as part of this group's restructuring (compared with non-recurring costs of $1.8 million in 2003), as well as a $0.2 million gain on disposal of assets ($1.5 million in 2003), the Pulp and Paper Group recorded negative EBIT of $1.8 million in 2004, as opposed to positive EBIT of $10.9 million in 2003. The fourth quarter produced negative EBIT of $2.8 million, including $2.7 million in non-recurring costs and losses on disposals of various assets.

Also faced with difficult conditions in its major North American markets, primarily in the pulp and paper and energy sectors, the **Manufacturing Group** sustained a $6.4 million or 22.8% decline in its revenues from third parties, which went from $28.2 million to $21.8 million. It nevertheless increased its volume of business performed for other GL&V entities, notably by taking over some of Dorr-Oliver Eimco's manufacturing operations formerly carried out in Salt Lake City, Utah. This group's EBIT decreased from $0.7 million to $0.3 million.

PRINCIPAL CASH FLOWS

Considering net earnings, non-cash items including depreciation and amortization and losses on disposal of assets, and net changes in operating assets and liabilities, cash flows from operating activities totalled $21.8 million in the last fiscal year, compared with $17.0 million in 2003. Net changes in operating assets and liabilities provided cash flows of $4.1 million for the full year, and $18.2 million in the fourth quarter, mainly due to an increase in accounts payable related to the year-end situation of work in progress execution schedules and the corresponding progress billing. As well, GL&V benefited from a cash flow of $8.9 million from the measures implemented to reduce inventories.

Financing activities used cash flows of $23.3 million, consisting mostly of long-term debt repayments totalling $23.1 million, including $13.5 million in usual instalments and an additional instalment of $9.6 million. This instalment was paid in the first quarter with part of the $18.2 million amount received from Eimco's former owner on March 31, 2003, upon the finalization of the purchase price for the transaction. Moreover, GL&V collected $0.3 million on the issue of 58,400 Class A subordinate voting shares subsequent to the exercise of stock options held by senior executives, management and directors.

The Company also capitalized deferred financing expenses of $0.5 million related to the amendment, in January 2004, of the terms of the bank credit agreement set up for the acquisition of Eimco. Pursuant to the principal terms of the amended agreement, GL&V was granted an additional revolving line of credit totalling CDN$40 million, of which $30 million, renewable annually, is exclusively intended to finance future business acquisitions. This agreement raised GL&V's total authorized bank credit to over $140 million.

As regards investing activities, in addition to changes in investments, GL&V disposed of $12.7 million in fixed assets, including buildings and manufacturing equipment of the Pulp and Paper Group located in Nashua, New Hampshire and Pittsfield, Massachusetts. GL&V acquired $4.9 million in new fixed assets and $1.3 million in commercial operations, namely three acquisitions representing some $5 million in annual sales (*see note 22 to the consolidated financial statements*). Finally, GL&V invested $2.4 million in other assets, primarily in product development costs.

Finally, fluctuations in exchange rates had a negative impact of $8.7 million on cash and cash equivalents.

Accordingly, the year's principal cash inflows and outflows reduced cash and cash equivalents by a net amount of $10.2 million, from $36.8 million as at March 31, 2003, to $26.6 million by the same date in 2004.

FINANCIAL POSITION AS AT MARCH 31, 2004

Including temporary investments of $5.3 million, GL&V had available cash of $31.9 million at the close of the last fiscal year, versus $37.8 million a year earlier. Working capital amounted to $84.9 million for a current ratio of 1.61:1 as at March 31, 2004, compared with $93.6 million and a ratio of 1.79:1 as at March 31, 2003. Major changes in non-cash current assets and liabilities can be explained by the growth in business, primarily within the Process Group, and the advancement of contracts in progress in relation to progress billing on the last day of both fiscal years.

Total assets declined slightly during fiscal 2004, from $331.5 million to $327.7 million, mainly due to the use of part of the Company's cash to repay debt. The value of fixed assets was lowered from $60.4 million to $44.9 million by the sale of non-strategic assets and strict control over new capital expenditures.

Shareholders' equity rose 3.8% to $118.7 million or $9.91 per share as at March 31, 2004. Long-term debt (including the current portion) totalled $61.0 million at the close of the last fiscal year, down by $28.9 million or 32.2% from $89.9 million a year earlier. Deducting available cash, total net indebtedness amounted to $29.1 million as at March 31, 2004, compared with $52.1 million a year earlier, a decrease of $23.0 million or 44.1%. GL&V's total net indebtedness was thus reduced to a lower level than before the acquisition of Eimco. The total net indebtedness to invested capital ratio improved from 31.3% to 19.7%, its lowest level in six years.

CONTRACTUAL OBLIGATIONS AND OTHER COMMITMENTS

(Notes 12 and 25 to the consolidated financial statements summarize GL&V's contractual obligations and other major commitments as at March 31, 2004.)

OUTLOOK, REQUIREMENTS AND SOURCES OF FUNDS FOR FISCAL 2005

As at March 31, 2004, the Company's order backlog amounted to $204 million, compared with $217 million a year earlier. The order backlog rose to $214 million as at May 15, 2004. Since the beginning of the current fiscal year, in addition to the Process Group's growth, the Pulp and Paper Group experienced an improvement in market conditions, as reflected by a firming up of prices for pulp and certain paper grades. For the entire fiscal 2005, management expects sales to remain stable or rise slightly for its Pulp and Paper Group and Manufacturing Group. For its part, through acquisitions and internal growth, the Process Group anticipates sustained development in the mining sector, which is showing signs of a worldwide recovery. The new Eimco Water Technologies entity will also continue to grow its business in the treatment of wastewater and drinking water, where GL&V is actively seeking acquisition opportunities. On January 1, 2004, the U.S. entity Eimco Water Technologies was created in order to segregate GL&V's operations related to the water treatment activities.

GL&V intends to dedicate another two quarters to complete most of the Pulp and Paper Group's restructuring, for additional non-recurring costs of approximately $6.1 million, including $3.1 million in non-cash items, by the end of September 2004. Subsequently, GL&V's profitability should start to fully benefit from the measures implemented since the second half of fiscal 2004, along with the expected growth in the Process Group's results.

For fiscal 2005, GL&V plans to keep its capital expenditures at a comparable level to the last fiscal year (i.e. $4 million to $6 million), primarily for the normal course of operations. The Company intends to repay some $11.2 million in long-term debt. GL&V's available cash, cash flows from operating activities and expected sale of non-strategic assets should suffice to provide for its regular funding requirements in 2005. As at March 31, 2004, in addition to its solid financial position, the Company also had unused credit facilities of approximately $63 million to facilitate the pursuit of its expansion through the ongoing search for strategic acquisitions.

As for dividends, the policy of GL&V's Board of Directors is to assess every year the relevance of paying a dividend in light of the Company's investment and acquisition projects, strategic objectives, respect of its financial ratios and available cash. Considering the major acquisition made in November 2002, the Company has paid no dividend over the last two fiscal years.

RISKS AND UNCERTAINTIES

The risk factors and uncertainties described below are those to which the Company is significantly exposed. GL&V is exposed to other risks and uncertainties of lesser importance, which could become more important in the future.

Among others, the preparation of financial statements in conformity with GAAP requires the use of estimates and assumptions that affect the amounts of the assets and liabilities reported, revenue and expense items, and the presentation of eventual assets and liabilities. (*The risks related to estimates and the major estimates used in preparing the consolidated financial statements are described in note 1 (e) to the consolidated financial statements.*)

The Company carries on its operations in markets exposed to various risk factors and uncertainties. More specifically, GL&V has been affected for several quarters by the downward cycle in the pulp and paper industry. Weak pulp prices worldwide have made large capital projects rather rare, pulp and paper manufacturers being more inclined to rebuild their existing equipment and to use replacement parts and repair services. The Company has adapted to this reality by focusing its efforts on the aftermarket and spare parts services, which now account for more than 40% of its sales, up from 5% in 1995. Moreover, the acquisition of Eimco has considerably reduced its exposure to the pulp and paper market in favour of other markets served by the Process Group, thereby reducing the impact of the pulp and paper industry's cycles. Finally, GL&V's outsourcing strategy enables it to minimize the risks associated with fixed costs and thereby rapidly react to fluctuations in demand.

As the Company's business is conducted in several countries, it is exposed to the risk of fluctuations of such currencies compared to the Canadian dollar. Major foreign currencies used are the U.S. dollar and the EURO. Part of its exposure to the risk of currency fluctuations is naturally hedged by the portion of its long-term debt denominated in U.S. dollars. Major contracts awarded to subsidiaries are hedged locally using forward exchange contracts. Forward exchange contracts are also used to hedge against the effects of exchange fluctuations on the net cash flows in U.S. dollars of its Canadian subsidiaries. Finally, zero-cost tunnel contracts have been set up by the Company to hedge against the principal exchange rates used in its consolidation process and for its financial forecasts. (*See notes 1 (f) and 24 to the consolidated financial statements relating to derivative financial instruments.*)

Changes in interest rates can have a direct impact on the Company's profitability. GL&V uses interest rate swaps to hedge against the risk of fluctuations in interest rates on its long-term debt (*see notes 1 (f) and 24 to the consolidated financial statements relating to derivative financial instruments*).

Forward exchange contracts, zero-cost tunnel contracts and interest rate swaps are arranged with recognized financial institutions. Considering the solvency of these institutions, the Company estimates it is unlikely that it could sustain losses resulting from the non-compliance of these financial institutions with their obligations.

The Company considers its credit concentration risk to be minimal on account of its diversified operations, products and customers as well as the geographical distribution of its customer base. GL&V was not exposed to any unusual credit risk as at March 31, 2004.

Given the nature of its business, more specifically large-scale mandates and progress billing, GL&V can be exposed to certain liquidity risks during the execution of major contracts for which it must incur costs before billing the customer. The Company considers this risk to be attenuated by its large number of contracts as well as their segmented and geographical diversity. In addition, it manages this risk by obtaining letters of credit or bank guarantees from recognized banking institutions.

Finally, the Company's growth strategy is based primarily on expansion by acquisitions, which involves a degree of risk. GL&V has developed a solid expertise in this field, having successfully acquired and integrated some 15 businesses in the last decade. To limit its risk, the Company pursues a targeted acquisition strategy meeting strict return-on-investment criteria, applies due diligence practices, and develops detailed integration plans focused notably on the disposal of non-strategic assets to lower its fixed costs and repay a portion of its debt using the proceeds from the sale.

INFORMATION REGARDING THE COMPANY'S SHARE CAPITAL

As at March 31, 2004, GL&V's share capital consisted of 1,792,142 Class B multiple voting shares and 10,190,798 Class A subordinate voting shares, for a total of 11,982,940 voting and participating shares issued and outstanding. In addition, under stock option plans for senior executives, management and directors, a maximum of 967,424 Class A subordinate voting shares can be issued. As at March 31, 2004, options allowing the acquisition of 486,500 Class A subordinate voting shares had been granted (*see notes 14 and 15 to the consolidated financial statements*).

CHANGES IN ACCOUNTING POLICIES OVER THE LAST TWO FISCAL YEARS

In December 2002, the Company implemented amended Section 3475 of the CICA's Accounting Standards Board entitled *"Disposal of long-lived assets and discontinued operations"*. In April 2003, GL&V also adopted the CICA's new recommendations regarding (1) termination benefits and costs associated with exit and disposal activities; (2) guarantees; and (3) stock-based compensation. Adoption of these changes (*described in detail in note 2 to the consolidated financial statements*) had no material impact on the Company's earnings, cash flows or balance sheet for fiscal 2004.

SUPPLEMENTARY INFORMATION

Supplementary information about the Company is filed on SEDAR's website at www.sedar.com.

Laurent Verreault
Chairman of the Board,
President and Chief Executive Officer

William Saulnier
Executive Vice-President and
Chief Financial Officer

June 3, 2004

MANAGEMENT'S REPORT

The consolidated financial statements contained in this annual report have been prepared by management in accordance with generally accepted accounting principles and the integrity and objectivity of the data in these financial statements are management's responsibility. Management is also responsible for all other information in the annual report and for ensuring that this information is consistent with the information and data contained in the financial statements. In support of its responsibility, management maintains a system of internal control to provide reasonable assurance as to the reliability of financial information and the safeguarding of assets.

The Board of Directors is responsible for ensuring that management fulfilled its responsibilities for financial reporting and internal control.

The external auditors, KPMG LLP conduct an independent examination, in accordance with generally accepted auditing standards, and express their opinion on the financial statements. Their examination includes a review and evaluation of the Company's system of internal control and appropriate tests and procedures to provide reasonable assurance that the financial statements are presented fairly.

Laurent Verreault
President and Chief Executive Officer

William Saulnier
Executive Vice-President and Chief Financial Officer

Trois-Rivières, Canada
May 28, 2004

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Groupe Laperrière & Verreault Inc. as at March 31, 2004 and 2003 and the consolidated statements of earnings, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP
Chartered Accountants

Montreal, Canada
May 28, 2004

CONSOLIDATED BALANCE SHEETS

March 31, 2004 and 2003 (in thousands of dollars)

	2004	2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 26,614	$ 36,846
Temporary investments	5,307	1,000
Accounts receivable (note 3)	114,653	101,573
Income taxes recoverable	–	2,001
Inventories (note 4)	36,844	45,514
Contracts in progress, less progress billings (note 5)	31,034	15,859
Prepaid expenses	3,765	3,288
Future income taxes (note 6)	5,289	6,286
	223,506	212,367
Long-term investments (note 7)	3,351	3,327
Property, plant and equipment (note 8)	44,948	60,389
Future income taxes (note 6)	6,587	4,207
Goodwill (note 9)	30,402	31,960
Intellectual property rights and patents (note 10)	11,405	13,439
Other assets (note 11)	7,490	5,829
	$ 327,689	$ 331,518
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 125,264	$104,398
Income taxes payable	1,844	–
Future income taxes (note 6)	295	–
Current portion of long-term debt (note 12)	11,222	14,325
	138,625	118,723
Long-term debt (note 12)	49,773	75,573
Other liabilities (note 13)	13,826	9,200
Future income taxes (note 6)	6,720	13,602
Shareholders' equity:		
Share capital (note 14)	57,688	57,351
Retained earnings	72,711	61,127
Cumulative translation adjustment	(11,654)	(4,058)
	118,745	114,420
Commitments (note 25)		
Contingencies (note 26)		
	$ 327,689	$ 331,518

See accompanying notes to consolidated financial statements.

On behalf of the Board of Directors:

Laurent Verreault, Director

William Saulnier, Director

CONSOLIDATED STATEMENTS OF EARNINGS

Years ended March 31, 2004 and 2003 (in thousands of dollars, except for per share amounts)

	2004	2003
Revenues	$ 547,837	$ 382,589
Cost of contracts and goods sold	414,137	270,520
	133,700	112,069
Selling expenses	53,775	46,585
Administrative expenses	42,685	32,703
Research and development costs	1,227	3,243
Non-recurring expenses (note 18)	4,954	5,583
	102,641	88,114
Earnings before depreciation and amortization, financial expenses and income taxes	31,059	23,955
Depreciation and amortization (note 16)	8,738	8,261
Earnings before financial expenses and income taxes	22,321	15,694
Financial expenses (note 17)	8,639	5,104
Earnings before income taxes	13,682	10,590
Income taxes (note 6)	2,098	2,335
Net earnings	$ 11,584	$ 8,255
Earnings per share (note 19):		
Basic	$ 0.97	$ 0.79
Diluted	0.94	0.76

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Years ended March 31, 2004 and 2003 (in thousands of dollars)

	2004	2003
Retained earnings, beginning of year	$ 61,127	$ 54,150
Net earnings	11,584	8,255
	72,711	62,405
Premium on share redemptions (note 14)	—	269
Class A shares issue expenses, net of income taxes of $457	—	1,009
	—	1,278
Retained earnings, end of year	$ 72,711	$ 61,127

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended March 31, 2004 and 2003 (in thousands of dollars)

	2004	2003
Cash flows from operating activities:		
Net earnings	$ 11,584	$ 8,255
Adjustments for non-cash items (note 20)	6,077	13,048
Net change in non-cash balances related to operations (net of the effect of business acquisitions and disposal) (note 21)	4,115	(4,258)
	21,776	17,045
Cash flows used for financing activities:		
Issue of long-term debt	—	95,000
Repayment of long-term debt	(23,127)	(57,266)
Increase in deferred financing costs	(530)	(3,419)
Issue of Class A subordinate shares	337	30,784
Redemption of shares	—	(363)
	(23,320)	64,736
Cash flows used for investing activities:		
Business acquisitions (note 22)	(1,264)	(59,638)
Net change in temporary investments	(4,307)	(968)
Acquisition of long-term investments	—	(210)
Proceeds on disposal of long-term investments	209	600
Purchase of property, plant and equipment	(4,908)	(8,936)
Proceeds on disposal of property, plant and equipment	12,724	2,792
Net change in other assets	(2,401)	(408)
	53	(66,768)
Effect of translation adjustments on cash and cash equivalents	(8,741)	(3,390)
Net (decrease) increase in cash and cash equivalents	(10,232)	11,623
Cash and cash equivalents, beginning of year	36,846	25,223
Cash and cash equivalents, end of year	$ 26,614	$ 36,846
Supplemental information:		
Net interest paid	$ 5,232	$ 3,724
Income taxes paid	2,994	(1,745)

See accompanying notes to consolidated financial statements.

The Company, whose head office is in Trois-Rivières, Québec, was incorporated under Part 1A of the Companies Act (Québec). Its main activities are to design, manufacture, rebuild, assemble and install equipment used by various industries.

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Principles of consolidation:

These consolidated financial statements include the accounts of the Company and all of its Canadian and foreign subsidiaries.

(b) Cash and cash equivalents:

Cash equivalents are restricted to cash and investments having an initial term of three months or less from the acquisition date and are presented at cost which approximates market value.

(c) Temporary investments:

Temporary investments are recorded at the lower of cost and market value. Temporary investments consist of term deposits bearing interest at annual rates ranging from 1.3% to 2.6% and maturing up to November 2004.

(d) Foreign currency translation:

The financial statements of self-sustaining foreign operations are translated into Canadian dollars using the current rate method. Differences resulting from this translation are deferred and recorded under a separate heading of shareholders' equity and are only included in earnings when there has been a reduction in the investment in these foreign operations.

Transactions in foreign currencies are translated using the temporal method. Exchange gains and losses are included in financial expenses.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the use of estimates and assumptions that affect the amounts of the assets and liabilities reported, the related revenue and expense items, and disclosure of contingent assets and liabilities. The material sections of the financial statements which require the use of estimates include the determination of future costs related to contracts in progress, warranty and environmental provisions, the useful life of assets for the purposes of computing amortization and the evaluation of the impairment of assets, provision for income taxes and the determination of the fair value of financial instruments. Consequently, it is possible that changes in future conditions in the near term could require a change in the recognized amounts.

(f) Derivative financial instruments:

The Company carries on its operations principally in the Americas and Europe.

The Company is exposed to market risks relating to currency fluctuations. To reduce these risks, it uses derivative financial instruments, such as forward exchange contracts and zero-cost collar contracts. The Company does not hold or issue any derivative financial instruments for commercial or speculative purposes. The derivative financial instruments are subject to normal credit terms and conditions, financial controls and management and risk monitoring procedures. In management's opinion, none of the parties to the existing financial instruments is expected to default on their obligations since they are large multinational financial institutions.

Gains and losses on forward exchange contracts and zero-cost collar contracts are recorded in the statement of earnings at maturity date.

The Company also enters into interest rate swaps in order to manage the impact of fluctuating interest rates on its long-term debt. These swap agreements require the periodic exchange of payments without the exchange of the notional principal amount on which the payments are based. The Company designates its interest rate hedge agreements as hedges of the underlying debt. Interest expense on the debt is adjusted to include the payments made or received under the interest rate swaps.

(g) Inventories:

Raw materials are recorded at the lower of average cost and replacement cost. Inventories of finished goods are recorded at the lower of average cost and net realizable value.

(h) Revenue recognition:

The Company uses the completed contract method to record contract revenue other than revenue from long-term contracts for which it uses the percentage-of-completion method. The percentage of completion is determined using the cost-to-cost method, which consists in comparing the costs incurred over total expected costs according to the Company's estimates. The full amount of losses is recorded once it can be estimated. Contracts in progress include direct labour, materials and overhead costs plus any estimated gain on such costs. Progress billings are presented as a reduction of the costs incurred on the contracts in progress.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(h) Revenue recognition (continued):

Revenues from the sale of spare parts and from after sales services are recognized when services are provided or upon delivery.

(i) Income taxes:

The Company follows the asset and liability method of accounting for income taxes. Under this method, future income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment or substantively enactment date. Future income tax assets are recognized and, if realization is not considered "more likely than not", a valuation allowance is provided.

(j) Long-term investments:

Long-term investments are carried at cost. In the event of a decline in value which is considered to be other than temporary, the investment is written down to its estimated value and the loss is charged to earnings.

(k) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Amortization is provided for using the straight-line method over the following periods:

Asset	Period
Landscaping, paving and fences	10 years
Buildings	20 years
Equipment, furniture and fixtures	5 to 10 years
Molds	10 years
Experimental equipment	20 years
Computer hardware and software	3 and 10 years
Automotive equipment	3 years
Leasehold improvements	Term of leases

(l) Deferred government assistance and investment tax credits:

Deferred government assistance and investment tax credits relating to property, plant and equipment and development costs are recorded using the cost reduction method and amortized on the same basis as the related assets.

(m) Goodwill:

Goodwill represents the excess of the purchase price over the fair value of net assets of acquired businesses. Goodwill is not amortized and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the asset might be impaired. When the carrying amount of a reporting unit's goodwill exceeds the implied fair value of the goodwill, an impairment loss is recognized in an amount equal to the excess and is presented as a separate line item in the income statement.

(n) Intellectual property rights, patents and other assets:

Intellectual property rights and patents are recorded at cost and are amortized on a straight-line basis over a period of 10 years.

Research and development expenses include costs relating to specific projects, net of income tax credits, which, in the Company's opinion, have a specific market in the future. These expenses are deferred and amortized on a straight-line basis over a period of three to five years. All other research and development expenses are expensed in the year they are incurred.

Deferred financing costs are recorded at cost and amortized on a straight-line basis over the term of the financing agreement. Amortization is included in interest expense.

(o) Pension plans:

The Company offers to certain of its employees, defined benefit pension plans and defined contribution pension plan. The defined benefits pension plan costs are determined using actuarial methods.

The defined benefit pension plans are unfunded plans for which a liability has been accounted for as presented in note 13.

1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

(p) Environmental expenditures:

Environmental expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which are not expected to contribute to current or future operations are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are likely, and when the costs, based on a specific plan of action in terms of the technology to be used and the extent of the corrective action required, can be reasonably estimated.

(q) Comparative figures:

Certain comparative figures for 2003 have been reclassified to conform with the presentation adopted for the year ended March 31, 2004.

2. CHANGES IN ACCOUNTING POLICIES:

The Company has changed certain accounting policies to comply with the new standards of the Canadian Institute of Chartered Accountants ("CICA").

(a) Disposal of long-lived assets and discontinued operations:

In December 2002, the CICA's Accounting Standards Board ("AcSB") revised Handbook Section 3475, Disposal of Long-Lived Assets and Discontinued Operations. The revised Section 3475 is applicable to disposal activities initiated by an enterprise's commitment to a plan on or after May 1, 2003.

Under this Section, new standards are established for the recognition, measurement, presentation and disclosure of the disposal of long-lived assets. New standards are also established for the presentation and disclosure of discontinued operations. It applies to the disposal of non-monetary long-lived assets, including property, plant and equipment, intangible assets with definite useful lives and long-term prepaid assets. It requires an asset or group that will be disposed of other than by sale to continue to be classified as "held-and-used" until the disposal transaction occurs. Long-lived assets that meet the criteria to be considered as held-for-sale cease to be amortized. The Section also provides specific guidance on balance sheet and income statement presentation for a disposal group that is a component of an entity. The effect of adopting the new recommendations did not have a significant impact on the consolidated balance sheet and consolidated statement of earnings and retained earnings and cash flows as at March 31, 2004 and for the year then ended.

(b) Termination benefits and costs associated with exit and disposal activities:

In March 2003, the Emerging Issues Committee released Abstracts No.134, Accounting for Severance and Termination Benefits ("EIC-134"), and EIC-135, Accounting for Costs Associated with Exit and Disposal Activities (Including Costs Incurred in a Restructuring) ("EIC-135"). EIC-134 provides interpretive guidance to the accounting requirements for the various types of severance and termination benefits covered in CICA Handbook Section 3461, Employee Future Benefits. EIC-135 provides interpretive guidance for the timing of the recognition of a liability for costs associated with an exit or disposal activity. The new guidance requires that the liability be recognized for those costs only when the liability is incurred, that is, when it meets the definition of a liability in CICA Handbook Section 1000, Financial Statement Concepts.

These new EICs also establish fair value as the objective for initial measurement of liabilities related to exit or disposal activities. The Company adopted the new recommendations effective April 1, 2003.

(c) Guarantees:

On April 1, 2003, the Company also adopted the new Guideline (AcG-14) published by the CICA regarding the disclosure of guarantees.

A guarantee is a contract or an indemnification agreement that contingently requires the Company to make payments to the other party of the contract or agreement, based on changes in an underlying that is related to an asset, a liability or an equity security of the other party or on a third party failure to perform under an obligating agreement. It could also be an indirect guarantee of the indebtedness of another party, even though the payment to the other party may not be based on changes in an underlying that is related to an asset, a liability or an equity security of the other party. The Company has no significant guarantees that meet the above criteria.

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

2. CHANGES IN ACCOUNTING POLICIES (CONTINUED):

(d) Stock-based compensation:

Effective April 1, 2003, the Company changed its method of accounting for stock-based compensation and decided to adopt the fair value based method of accounting for all its stock-based compensation. The Company adopted these changes using the prospective application transitional alternative. Accordingly, the fair value based method is applied to awards granted, modified or settled on or after April 1, 2003. Prior to the adoption of the fair value based method, the Company, as permitted by Section 3870, had chosen to continue its then existing policy of recording no compensation cost on the grant of stock options to employees.

No compensation cost was charged against income for those plans for the year ended March 31, 2004, as the Company did not grant any awards during the year.

3. ACCOUNTS RECEIVABLE:

	2004	2003
Trade	**$101,537**	$ 93,076
Holdbacks on contracts	**8,313**	3,801
Other	**4,803**	4,696
	$ 114,653	$ 101,573

The Company operates mainly in the Americas and Europe. Approximately 38% of the trade accounts (45% in 2003) were related to the pulp and paper industry. The Company establishes a provision for doubtful accounts to cover the specific risk of its customers.

4. INVENTORIES:

	2004	2003
Raw materials	**$ 5,413**	$ 8,531
Finished goods	**31,431**	36,983
	$ 36,844	$ 45,514

5. CONTRACTS IN PROGRESS AND PROGRESS BILLINGS:

	2004	2003
Contracts in progress	**$ 130,815**	$ 47,589
Progress billings	**(99,781)**	(31,730)
	$ 31,034	$ 15,859

6. INCOME TAXES:

The domestic and international components of the earnings before income taxes are as follows:

	2004	2003
Domestic	**$ 2,501**	$ 2,443
International	**11,181**	8,147
	$ 13,682	$ 10,590

The detail of the provision for income taxes expense is as follows:

	2004	2003
Current:		
Domestic	**$ (56)**	$ 2,237
International	**6,380**	(3,161)
	6,324	(924)
Future:		
Domestic	**1,648**	1,069
International	**(5,874)**	2,190
	(4,226)	3,259
	$ 2,098	$ 2,335

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

6. INCOME TAXES (CONTINUED):

The domestic statutory tax rate is 34.52% (36.43% in 2003). The following table reconciles the difference between the domestic statutory tax rate and the effective tax rate used by the Company in the determination of its net earnings:

	2004	2003
Domestic statutory tax rate	$ 4,724	$ 3,858
Impact of foreign tax rate differences	(2,028)	(1,864)
	2,696	1,994
Increase (decrease) resulting from:		
Manufacturing and processing activities	–	(90)
Large corporation and American state taxes	446	200
Permanent differences	(433)	(959)
Change in the valuation allowance	(624)	904
Impact of changes in income tax rates on future taxes	78	309
Other	(65)	(23)
	(598)	341
Provision for income taxes	$ 2,098	$ 2,335

The tax effects of significant items comprising the Company's net future income taxes are as follows:

	2004	2003
Future tax assets:		
Operating loss carryforwards	$ 10,046	$ 7,013
Provision for future employee compensation	1,312	1,291
Undeductible provisions for tax purposes	3,767	4,684
Acquisition costs related to business acquisitions	4,923	3,378
Other	455	356
	20,503	16,722
Less valuation allowance	(4,597)	(5,221)
	15,906	11,501
Future tax liabilities:		
Differences between book and tax bases of property, plant and equipment	(6,298)	(10,852)
Other	(4,747)	(3,758)
	(11,045)	(14,610)
Net future tax assets (liabilities)	$ 4,861	$ (3,109)

The current and long-term future tax assets and liabilities are as follows:

	2004	2003
Future tax assets:		
Current	$ 5,289	$ 6,286
Long-term	6,587	4,207
	11,876	10,493
Future tax liabilities:		
Current	(295)	–
Long-term	(6,720)	(13,602)
	(7,015)	(13,602)
Net future tax assets (liabilities)	$ 4,861	$ (3,109)

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

6. INCOME TAXES (CONTINUED):

The amounts of 2004 and 2003 presented in the table above include a valuation allowance of $4,597,000 and $5,221,000, respectively. The valuation allowance is related to the tax asset resulting from the operating loss carryforwards for which the tax benefit is not considered more likely than not to be realized.

As at March 31, 2004, the Company had net operating loss carryforwards for income tax purposes of approximately $16,444,000 available to reduce future taxable earnings for which a future tax asset has been recognized. Those loss carryforwards expire as follows:

Maturing in:	
2007	$ 424
2009	2,598
2010	989
2014	2,432
2023	6,417
2024	1,812
Indefinitely	1,772
	$ 16,444

The Company has not recognized a future tax liability for the retained earnings of its subsidiaries in the current and prior years because the Company currently does not expect the retained earnings to become taxable in the foreseeable future. A future tax liability will be recognized when the Company expects that it will recover the retained earnings in a taxable manner, such as through a receipt of dividends or a sale of investments.

7. LONG-TERM INVESTMENTS:

	2004	2003
Investments, at cost:		
Shares of private companies	$ 1,500	$ 1,500
Other	1,851	1,827
	$ 3,351	$ 3,327

8. PROPERTY, PLANT AND EQUIPMENT:

			2004
	Cost	Accumulated amortization	Net book value
Land	$ 4,521	$ —	$ 4,521
Landscaping, paving and fences	356	155	201
Buildings	26,595	8,230	18,365
Equipment, molds, furniture and fixtures	34,517	19,562	14,955
Experimental equipment	2,367	1,679	688
Computer hardware and software	13,777	7,893	5,884
Automotive equipment	550	322	228
Leasehold improvements	1,658	1,176	482
Deferred government assistance and investment tax credits	(1,101)	(725)	(376)
	$ 83,240	$ 38,292	$ 44,948

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED):

			2003
	Cost	Accumulated amortization	Net book value
Land	$ 5,484	$ –	$ 5,484
Landscaping, paving and fences	261	134	127
Buildings	32,908	8,104	24,804
Equipment, molds, furniture and fixtures	43,364	18,989	24,375
Experimental equipment	2,277	1,647	630
Computer hardware and software	10,883	6,641	4,242
Automotive equipment	678	264	414
Leasehold improvements	1,793	1,079	714
Deferred government assistance and investment tax credits	(1,101)	(700)	(401)
	$ 96,547	$ 36,158	$ 60,389

9. GOODWILL:

	Balance as at March 31, 2003	Business acquisitions	Translation adjustment	Balance as at March 31, 2004
Process Group	$ 29,148	$ 261	$ (1,686)	$ 27,723
Pulp & Paper Group	2,812	307	(440)	2,679
	$ 31,960	$ 568	$ (2,126)	$ 30,402

10. INTELLECTUAL PROPERTY RIGHTS AND PATENTS:

	Balance as at March 31, 2003	Acquisitions	Amortization	Translation adjustment	Balance as at March 31, 2004
Intellectual property rights	$ 13,147	$ 547	$ (1,337)	$ (1,270)	$ 11,087
Patents	292	118	(92)	–	318
	$ 13,439	$ 665	$ (1,429)	$ (1,270)	$ 11,405

	Balance as at March 31, 2002	Acquisitions	Amortization	Translation adjustment	Balance as at March 31, 2003
Intellectual property rights	$ 1,541	$ 13,152	$ (736)	$ (810)	$ 13,147
Patents	384	–	(92)	–	292
	$ 1,925	$ 13,152	$ (828)	$ (810)	$ 13,439

11. OTHER ASSETS:

	2004	2003
Development costs	**$ 3,342**	$ 1,839
Deferred financing costs	**3,367**	3,990
Other	**781**	–
	$ 7,490	$ 5,829

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

12. LONG-TERM DEBT:

	2004	2003
Term loan, for a maximum amount of $35,000,000, prime rate of a Canadian financial institution plus 0.75% to 1.50% and/or 30 to 180 days bankers' acceptance rate plus 1.75% to 2.50%, repayable in quarterly installments of $1,032,500 until September 2007, and the remaining balance at maturity in November 2007 (i)	$ 23,430	$ 33,000
Term loan, for a maximum amount of US$38,634,900 prime rate of an American financial institution plus 0.75% to 1.50% and/or LIBOR of 30 to 180 days plus 1.75% to 2.50%, repayable in quarterly installments of US$1,340,000 until September 2007 and the remaining balance at maturity in November 2007 (i)	37,497	56,766
7% note payable, repayable in quarterly installments of US$12,867, principal only, maturing in 2005	68	132
	60,995	89,898
Current portion of long-term debt	11,222	14,325
	$ 49,773	$75,573

(i) On November 7, 2002, the Company renegotiated its credit agreement for a total amount of $135,000,000, thereby refinancing the existing debt, financing part of the costs of the EIMCO acquisition and providing financial funding for future business ventures. On January 27, 2004, the Company modified the credit agreement by adding a new operating line of credit of $10,000,000 specifically for the issuance of letters or credit, and a line of credit of $30,000,000 for business acquisitions.

The global utilized amounts for the term loans at $60,927,000, the operating line of credit at a global amount of $52,000,000 and the line of credit for business acquisitions at an amount of $30,000,000, are guaranteed by a moveable and immoveable hypothec on the universality of the Company's property and that of certain of its subsidiaries.

As of March 31, 2004, the operating line of credit was used for issuing letters of credit in the amount of $18,937,000. The line of credit for business acquisitions was not utilized. The credit agreement includes certain financial covenants, which have been respected as of March 31, 2004.

Principal repayments of long-term debt for the next four years are as follows:

2005	$ 11,222
2006	11,154
2007	11,154
2008	27,465

13. OTHER LIABILITIES:

	2004	2003
Accrued pension liabilities	$ 5,971	$ 5,702
Deferred gain on a sale leaseback (1)	5,412	–
Other	2,443	3,498
	$ 13,826	$ 9,200

(1) During the year, the Company disposed of a building in which it leases floor space. The sale of the building was accounted for as a sale leaseback and consequently, the gain resulting from the disposal has been deferred and amortized over the lease term, being until 2014.

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

14. SHARE CAPITAL:

Authorized:

Unlimited number of shares without par value:

Class B multiple voting shares, carrying 10 votes per share, participating, convertible into Class A subordinate voting shares

Class A subordinate voting shares, participating

Preferred shares, issuable in series

Issued and fully paid:

	2004		2003	
	Number of shares	**Total**	Number of shares	Total
Class B shares				
Outstanding, beginning of year	**2,453,441**	**$ 3,869**	2,575,610	$ 4,062
Conversion of Class B shares into Class A shares	**(661,299)**	**(1,043)**	(122,169)	(193)
Outstanding, end of year	**1,792,142**	**$ 2,826**	2,453,441	$ 3,869
Class A subordinate voting shares				
Outstanding, beginning of year	**9,471,099**	**$ 53,482**	6,802,730	$ 21,133
Shares issued:				
Conversion of Class B shares into Class A shares	**661,299**	**1,043**	122,169	193
Issuance of shares	**–**	**–**	2,500,000	31,875
Issuance of shares pursuant to stock option plan (note 15)	**58,400**	**337**	75,000	375
Shares redeemed for cancellation	**–**	**–**	(28,800)	(94)
Outstanding, end of year	**10,190,798**	**$ 54,862**	9,471,099	$ 53,482
Total	**11,982,940**	**$ 57,688**	11,924,540	$ 57,351

During the year, the Company did not redeem any Class A shares. During the year ended March 31, 2003, 28,800 Class A shares were redeemed for cancellation for a cash consideration of $363,224 resulting in a premium of $268,622 which has been charged to retained earnings.

On October 18, 2002, the Company completed a private placement of 2,500,000 Class A subordinate voting shares at a price of $12.75, for total gross proceeds of $31,875,000, including the exercise of the option for additional shares by the underwriters' syndicate.

15. STOCK OPTION PLANS AND OTHER STOCK-BASED COMPENSATION PLANS:

(a) Stock option plans:

Under stock option plans for senior executives, management and directors, a maximum of 967 424 Class A subordinate voting shares of the share capital of the Company can be issued. Under the plans, the exercise price of each option is equivalent to the price of the Company's shares on the date of grant of the options and the maximum term of an option may not exceed 10 years. The terms and conditions of the options are determined by the Board of Directors.

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

15. STOCK OPTION PLANS AND OTHER STOCK-BASED COMPENSATION PLANS (CONTINUED):

(a) Stock option plans (continued):

	2004		2003	
	Shares	**Weighted average exercise price**	Shares	Weighted average exercise price
Outstanding, beginning of year	**554,000**	**$ 5.18**	636,000	$ 4.99
Granted	—	—	15,000	12.27
Exercised in stock	**(58,400)**	**5.77**	(75,000)	5.00
Exercised in cash	**(9,100)**	**6.96**	(11,200)	6.15
Forfeited	—	—	(10,800)	4.01
Outstanding, end of year	**486,500**	**$ 5.08**	554,000	$ 5.18

The following table summarizes information on the stock options outstanding as at March 31, 2004:

	Options outstanding			Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (in years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
$3,30	35,000	2.2	$ 3.30	35,000	$ 3.30
$4,00 - $ 4,25	200,000	4.7	4.14	190,000	4.14
$5,35	203,000	6.0	5.35	203,000	5.35
$7,60 - $ 8,00	33,500	6.9	7.69	33, 500	7.69
$12,00 - $ 12,40	15,000	8.4	12.27	9,000	12.18
	486,500	6.2	$ 5.08	470,500	$ 5.01

Before April 1, 2003, the Company applied an accounting policy under which no compensation cost was recognized at the date the option was granted to employees.

If the stock options granted between March 31, 2002 and April 1, 2003 had been accounted for using the fair value method, pro forma net earnings and pro forma earnings per share and diluted pro forma earnings per share would have been as follows:

	2004	2003
Net earnings, as reported	**$ 11,584**	$ 8,255
Compensation cost using the fair value method	**14**	49
Pro forma net earnings	**$ 11,570**	$ 8,206
Earnings per share:		
Basic - as reported	**$ 0.97**	$ 0.79
Diluted - as reported	**0.94**	0.76
Basic - pro forma	**0.97**	0.78
Diluted - pro forma	**0.94**	0.76

These pro forma amounts include a compensation cost based on a weighted average fair value of the attributed options at the grant date determined at $5.05 per stock option for the 15,000 options granted between March 31, 2002 and April 1, 2003. The fair value of each option granted was determined using the Black-Scholes option pricing model and the following assumptions:

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

15. STOCK OPTION PLANS AND OTHER STOCK-BASED COMPENSATION PLANS (CONTINUED):

(a) Stock option plans (continued):

Risk-free interest rate	5%
Expected life	10 years
Expected volatility	34.5%
Expected dividend yield	$0.20

The pro forma figures omit the effect of stock options granted prior to April 1, 2002.

(b) Other stock-based compensation plans:

The Company also offers to directors and certain employees, notional units with a value corresponding to the market price of the Class A shares.

Rights related to notional units granted to directors are exercisable one year after the grant date. Compensation cost for these units is recorded over the year following the grant date. Rights related to units granted to certain employees are exercisable 3 years after the year-end to which the units relate to 50% of the value of these rights is paid when the units become exercisable and 50% is paid when the employee retires or leaves. Payment of the value of the units is also subject to conditions related to death, invalidity, retirement and departure of an employee.

Compensation cost for the first payment of 50% of the value of the units is amortized on a straight-line basis over 3 years. Compensation cost for the second tranche of 50% is amortized over the employees' active remaining service periods estimated at 15 years.

As at March 31, 2004, 164,671 units (179,368 units in 2003) were outstanding for both plans. Compensation cost for 2004 was $970,752 ($577,948 in 2003).

16. INFORMATION INCLUDED IN THE CONSOLIDATED STATEMENTS OF EARNINGS:

The consolidated statements of earnings include the following items:

	2004	2003
Amortization of fixed assets	**$ 7,201**	$ 7,246
Amortization of development costs	**133**	212
Amortization of other assets	**1,429**	828
Amortization of deferred government assistance and investment tax credits	**(25)**	(25)
	$ 8,738	$ 8,261

17. FINANCIAL EXPENSES:

	2004	2003
Interest on long-term debt	**$ 4,091**	$ 3,377
Interest expense (revenue), net	**13**	(296)
Amortization of deferred financing costs	**973**	827
Exchange rate losses	**2,174**	620
Other	**1,388**	576
	$ 8,639	$ 5,104

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

18. NON-RECURRING EXPENSES:

During the year, the Company rationalized certain operations of the Pulp and Paper Group in order to reduce its operating costs. The significant initiatives of this restructuring plan are comprised of a workforce reduction costs, the closure and sale of certain facilities and equipment and the merger of certain facilities.

In addition, during the year, the Company completed the restructuring of the EIMCO acquisition.

The following table presents a rollforward of the Company's restructuring reserve included in the caption accounts payable and accrued liabilities on the balance sheet:

Balance as at March 31, 2003	$ 1,232
Excess expenditures related to 2003 initiatives	1,022
Reversal of previous years' reserves	(297)
New initiatives in 2004	4,229
	4,954
Reserve utilized in 2004	(3,680)
Translation adjustments	(54)
	(3,734)
Balance as at March 31, 2004	$ 2,452

The detail of expenses incurred in 2004 and the estimated costs to come with respect to the restructuring plan is as follows:

	Costs incurred	Estimated costs to come	Total
Workforce reduction costs	$ 3,482	$ 1,143	$ 4,625
Leases, closed facilities carrying costs and other	1,472	4,993	6,465
	$ 4,954	$ 6,136	$ 11,090
Pulp and Paper Group	$ 4,229	$ 6,136	$10,365
Process Group	725	–	725
	$ 4,954	$ 6,136	$ 11,090

During 2003, the Company incurred non-recurring expenses related to the acquisition of the net assets of EIMCO. An amount of $3,162,000 refers to the integration of EIMCO and the restructuring of the Process Group following this acquisition. To finance this acquisition, the Company also had to renegotiate its credit facilities; consequently, deferred financing costs had to be partially written off by an amount of $667,000. In addition, the Company restructured the Pulp and Paper Group for an amount of $1,754,000.

The detail of the non-recurring expenses of 2003 is as follows:

	2003
Workforce reduction costs	$ 3,451
Parital write-off of deferred financing costs	667
Cost to shutdown facilities	567
Other	898
	$ 5,583

19. EARNINGS PER SHARE:

Basic earnings per share are calculated by dividing the net earnings attributable to the shareholders by the weighted average number of participating shares outstanding during the year.

Diluted earnings per share are calculated by dividing the net earnings attributable to the shareholders by the weighted average number of shares outstanding taking into account the potential diluting impact of the stock options.

	2004	2003
	(in thousands)	
Weighted average number of participating shares outstanding	**11,930**	10,514
Potential dilutive impact	**368**	350
Weighted average number of participating and diluted shares	**12,298**	10,864

20. NON-CASH ITEMS IN NET EARNINGS:

	2004	2003
Gain on disposal of commercial activities and investments	**$ –**	$ (198)
Loss on write-off of investments and other assets	**–**	2,449
Loss (gain) on disposal of property, plant and equipment and other assets	**764**	(1,490)
Amortization (notes 16 and 17)	**9,711**	9,088
Future income taxes	**(4,226)**	3,259
Pension costs	**–**	(60)
Amortization of the deferred gain on sale leaseback transaction	**(172)**	–
	$ 6,077	$ 13,048

21. NET CHANGE IN NON-CASH BALANCES RELATED TO OPERATIONS:

	2004	2003
Accounts receivable	**$ (13,080)**	$ (6,156)
Inventories	**8,856**	1,847
Income taxes	**3,845**	1,046
Contracts in progress and progress billings	**(15,175)**	19,730
Prepaid expenses	**(477)**	276
Accounts payable and accrued liabilities and other liabilities	**20,146**	(21,001)
	$ 4,115	$ (4,258)

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

22. BUSINESS ACQUISITIONS AND DISPOSALS:

Business acquisitions are accounted for using the purchase method. Accordingly, the allocation of the purchase price to assets and liabilities is based on their fair values.

The results of operations are included in the consolidated financial statements from the date of acquisition.

The following table summarizes the net assets acquired or sold during the past two years:

	2004	2003
Current assets	$ 186	$ 78,132
Property, plant and equipment	20	9,838
Future income taxes	3,352	4,403
Goodwill	568	20,255
Other assets	435	13,152
	4,561	125,780
Current liabilities	3,265	66,142
Long-term debt and other liabilities	32	–
Net assets acquired or sold	$ 1,264	$ 59,638
Cash consideration paid, net of acquired cash and cash equivalents received or paid	$ 1,264	$ 59,638

(a) Year ended March 31, 2004:

During the year, the Company acquired the net assets of the following businesses:

- Elite Cameron Inc.: A New Jersey based business specialized in the manufacturing of certain equipment for the Pulp and Paper market. The Company paid $521,000 for this acquisition which has been allocated to the Pulp & Paper segment.
- Innovative Flotation CC: A South Africa based business specialized in the design and manufacturing of flotation cells. The Company paid $484,000 and a contingent consideration that has yet to be determined for this acquisition which has been allocated to the Process segment.
- 3H Mining: A division of SOI Holding Company, Inc. specialized in manufacturing equipment for the mining market. The Company paid $259,000 for this acquisition which has been allocated to the Process segment.

In addition, during the year, the Company completed its purchase price allocation of the EIMCO acquisition. Future income tax assets increased by $3,352,000, goodwill decreased by $157,000 and current liabilities increased by $3,195,000.

(b) Year ended March 31, 2003:

On November 8, 2002, the Company acquired the main net assets of EIMCO in exchange for $59,638,000 in cash (net of purchase price adjustments agreed to on March 31, 2003). The results of operations have been included in the consolidated financial statements as of the contract's effective date being November 1, 2002. EIMCO is a world leading supplier of high-performance technologies for liquid and solid separation processes, which serves various industrial sectors such as chemicals and petrochemicals, mining and minerals, and the treatment of drinking water and municipal and industrial wastewater.

Goodwill of $20,164,000 was allocated to the Process Group.

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

23. SEGMENTED INFORMATION:

The Company and its subsidiaries conduct their activities mainly in the United States, Canada and Europe in three large business segments, the Pulp and Paper Group, the Process Group, and Manufacturing.

The segments are managed separately as they require different marketing strategies. The Company measures the performance of each segment based on the earnings before provision for income taxes and financial expenses, and exclude intercompany transactions such as royalties and management fees.

The accounting policies for each segment are identical to those used for the consolidated financial statements. Intersegment sales are concluded at an agreed upon amount between the segments involved.

	Pulp and Paper Group		Process Group		Manufacturing		Other and eliminations		Total	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
Revenues	$ 211,101	$ 233,235	$ 362,101	$ 166,493	$ 21,782	$ 28,215	$ (47,147)	$ (45,354)	$ 547,837	$ 382,589
Amortization of property plant and equipment, goodwill and other assets (excluding amortization of deferred financing costs)	3,819	4,480	3,235	2,237	1,202	878	482	666	8,738	8,261
Earnings before provision for income taxes and financial expenses	(1,814)	10,867	35,598	13,286	289	698	(11,752)	(9,157)	22,321	15,694
Segment assets	102,050	132,168	185,472	168,476	20,329	18,682	19,838	12,192	327,689	331,518
Acquisition of property, plant and equipment	1,830	3,276	2,377	1,550	333	3,084	368	1,026	4,908	8,936

The 2003 earnings before provision for income taxes and financial expenses of each segment have been modified in order to account for the fact that the Company now measures segment performance by excluding inter-company transactions such as royalties and management fees.

The consolidated data per geographic segment is compiled based on the location of the subsidiaries.

	2004	2003
Revenue per geographic segment:		
Canada	**$125,380**	$ 110,185
United States	**256,679**	200,929
Europe and other	**231,785**	127,334
Eliminations	**(66,007)**	(55,859)
	$ 547,837	$ 382,589
Export sales from Canadian subsidiaries	**$ 48,153**	$ 51,333
Assets per geographic segment:		
Property, plant and equipment:		
Canada	**$ 16,289**	$ 18,055
United States	**20,415**	38,087
Europe and other	**8,244**	4,247
	$ 44,948	$ 60,389
Goodwill:		
Canada	**$ 3,568**	$ 1,416
United States	**12,445**	22,456
Europe and other	**14,389**	8,088
	$ 30,402	$ 31,960

24. FINANCIAL INSTRUMENTS:

The Company has operations in, and exports its products to, several countries and is therefore exposed to risks related to foreign exchange fluctuations and is also subject to risks related to interest rate fluctuations. The Company and its subsidiaries draw a portion of their borrowings in foreign currencies and use derivative financial instruments. None of these instruments are held or issued for speculative purposes.

(a) Description of the derivative financial instruments:

(i) Management of foreign exchange risk:

Foreign exchange forward contracts:

	2004		2003	
Currencies (sold/purchased)	**Average rate**	**Notional amount (1)**	Average rate	Notional amount (1)
US$/$CAD:				
Less than 1 year	**0.7473**	**$ 11,528**	0.6684	$ 7,626
US$/GBP				
Less than 1 year	**1.6438**	**2,618**	–	–
US$/Euro:				
Less than 1 year	**1.2035**	**4,443**	1.0043	2,661
Euro/US$:				
Less than 1 year	**1.2411**	**425**	–	–
US$/SEK:				
Less than 1 year	**7.5902**	**3,932**	8.7041	1,175
Euro/SEK:				
Less than 1 year	**9.2122**	**9,907**	9.2582	8,826
Euro/AUD:				
Less than 1 year	**1.6810**	**500**	–	–

(1) Exchange rates as at March 31, 2004 and 2003 were used to translate amounts in foreign currencies.

Zero-cost collar contracts:

	Contractual foreign exchange rate		
Maturity	Average floor	Average ceiling	Notional amounts
In thousands of US dollars:			
2004	1.3000	1.3877	US$3,190
2005	1.3000	1.4050	1,950
In thousands of Euros:			
2004	1.5000	1.7260	€2 030
2005	1.5000	1.7500	915
In thousands of Pound Sterling:			
2004	2.3000	2.5063	£360
2005	2.3000	2.4800	355
In thousands of Swedish Kronas			
2004	0.1700	0.1817	SEK 11,340
2005	0.1700	0.1810	6,300
In thousands of Australian dollars:			
2004	0.9100	1.0285	AUD 960
2005	0.9100	1.0170	700

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

24. FINANCIAL INSTRUMENTS (CONTINUED):

(a) Description of derivative financial instruments (continued):

(ii) Management of interest rate risk:

The Company and one of its subsidiaries have entered into interest rate swaps to manage their interest rate exposures. They are committed to exchange, at specific intervals, the difference between fixed and floating interest rates calculated by reference to the notional amounts.

The amounts of outstanding contracts at year-end, by currency, are shown in the table below:

Maturity	Notional amount	Pay/ receive	Fixed rate	Floating rate
October 7, 2005	US$19,317	Pay fixed/ receive floating	3.345%	LIBOR 3 months
October 7, 2005	$17,500	Pay fixed/ receive floating	4.227%	Banker's acceptance 3 months

(b) Fair value of financial instruments:

The carrying amount of cash and cash equivalents, temporary investments, accounts receivable and accounts payable and accrued liabilities approximates its fair value, as these items will be realized or paid within one year.

Financial instruments with a fair value different than their carrying amount as at March 31, 2004 and 2003 are as follows:

	2004		2003	
	Carrying value	**Fair value**	Carrying value	Fair value
Long-term debt including current portion	**$(60,995)**	**$ (60,995)**	$ (89,898)	$ (89,898)
Interest rate swap agreements	**–**	**(1,366)**	–	(1,110)
Forward exchange contracts and zero-cost collar contracts	**–**	**527**	–	59

The fair values of the financial liabilities are estimated based on discounted cash flows using year-end market yields or market value of similar instruments having the same maturity. The fair values of the derivative financial instruments are estimated using year-end market rates, and reflect the amount the Company would receive or pay if the instruments were closed out at those dates.

(Tabular amounts are expressed in thousands of dollars, except for per share amounts.)

25. COMMITMENTS:

The Company has entered into operating leases for premises and equipment with total minimum lease payments of $26,472,531, which expire at various dates until 2013. Minimum lease payments for the next five years and thereafter are as follows:

2005	$ 6,294
2006	4,809
2007	3,439
2008	2,310
2009	2,159
2010 and thereafter	7,462

The Company is also committed under letters of credit and guarantee. At March 31, 2004, $68,685,000 ($30,930,000 in 2003) were committed.

26. CONTINGENCIES:

A number of claims and suits brought against the Company and its subsidiaries are still outstanding. In the opinion of the management of the Company and its subsidiaries, the outcome of such claims and suits will not have a materially adverse effect on the Company's results or its financial position.

A subsidiary of the Company is being sued for damages ensuing from an incident arising and involving non-strategic activities sold by the subsidiary in 1999. The Company was also made aware of a similar incident, for which the subsidiary received a notice of intent that it would be held responsible for the costs connected with this incident. The subsidiary of the Company referred these claims to its insurers and to its legal advisors. It is not possible to determine the ultimate responsibility of the subsidiary of the Company, nor to estimate the amounts being claimed.

DIRECTORS

Laurent Verreault
Chairman of the Board,
President and Chief Executive Officer of GL&V

Claude Boivin (1) (2)
Director of Corporations

Jean Desbiens
Consultant

Robert Dorion
Partner,
Gowling Lafleur Henderson LLP
Law Firm

Sylvie Lalande (2)
Director of Corporations

Louis Laperrière (1) (2)
President and Chief Executive Officer,
HMI Construction Inc.

Bernard Lemaire
Chairman of the Board,
Cascades Inc.

Pierre Monahan (1)
President, Canadian Forest Products Division,
Bowater Forest Products of Canada Inc.

William Saulnier
Executive Vice-President and
Chief Financial Officer of GL&V

Richard Verreault
Executive Vice-President and
Chief Operating Officer of GL&V

(1) Member of the Audit Committee
(2) Member of the Corporate Governance and Human Resources Committee

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OFFICERS

Laurent Verreault
Chairman of the Board,
President and Chief Executive Officer

Richard Verreault
Executive Vice-President and
Chief Operating Officer

Marc Barbeau
Vice-President,
Taxation and Treasury

Robert Coomes
Vice-President and General Manager,
Dorr-Oliver Eimco - Americas

Robert Gaulin
Vice-President,
Human Resources

Michel Gélinas
Vice-President and General Manager,
GL&V Manufacturing - Division of GL&V Canada Inc.

Klaus-Dieter Grüner
Senior Vice-President,
Corporate Projects

Gwen Klees
Director,
Legal Affairs

Graham Lawes
Vice-President and General Manager,
Dorr-Oliver Eimco - Southern Africa, Australia and Singapore

Pierre Lépine
Vice-President,
Corporate Development

William Mahoney
Senior Vice-President,
Pulp and Paper Group

Valère Morissette
Vice-President and General Manager,
Operations - China

Sylvain Ouellette
Vice-President,
Accounting and Control

William Saulnier
Executive Vice-President and
Chief Financial Officer

Mikael Sundqvist
President and General Manager,
Pulp and Paper - Europe

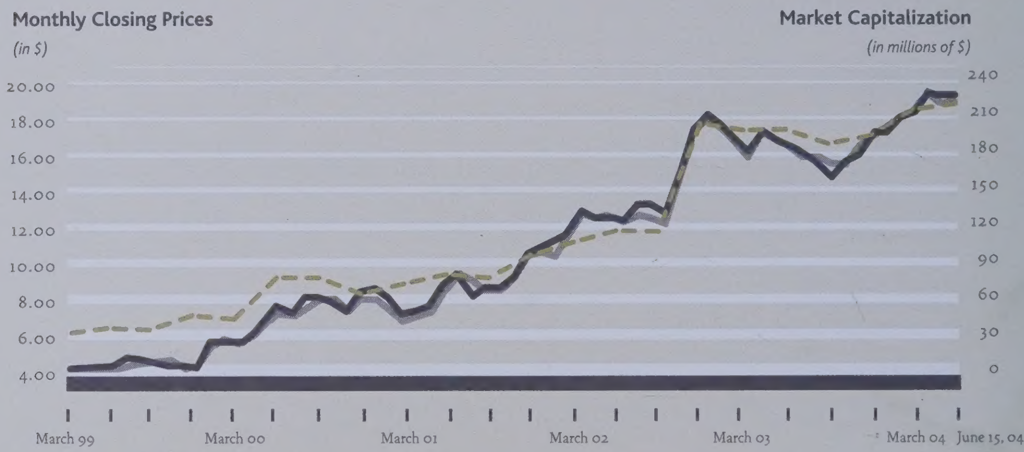
David Woodruff
Vice-President and General Manager,
Dorr-Oliver Eimco - Europe

Bart Yule
Vice-President, Sales and Marketing
Dorr-Oliver Eimco - North America

SHARE CAPITAL
(as at March 31, 2004)

SHARES	GLV.A (subordinate voting)	GLV.B (multiple voting)
Number outstanding	10,190,798	1,792,142
Public float	8,622,515	583,093
Record high/low	$18.95/$3.30	$18.52/$1.95
High/low over last fiscal year	$18.75/$14.26	$18.20/$13.65
Trading volume	5,237,400	191,000
Share price as at March 31, 2004	$18.00	$17.80
Share price as at June 15, 2004	$18.25	$19.00

STOCK PERFORMANCE
(GLV.A, GLV.B)



Compound Annual Growth Rates (GLV.A):

1 year:	7.8%
2 years:	26.5%
3 years:	41.1%
5 years:	34.8%

Brokerage Firms Covering GL&V's Stock
Dundee Securities Corporation
National Bank Financial
First Associates
Scotia Capital
Desjardins Securities
Sprott Securities

Investor Relations
Pierre Lépine, Vice-President, Corporate Development
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E-mail: pierre.lepine@glv.com

Annual Information Form
Available on SEDAR's website (www.sedar.com) or upon written request at GL&V's Head Office

Annual and Special Meeting of Shareholders
Thursday, September 23, 2004, at 10:30 a.m.
Omni Mont-Royal Hotel
Pierre de Coubertin Room
1050 Sherbrooke Street West
Montreal, Quebec

(Note: The documents for the Annual Meeting will be sent to shareholders in August.)

Financial Reporting Schedule
(preliminary)

1st Quarter	August 6, 2004
2nd Quarter	November 5, 2004
3rd Quarter	February 7, 2005
4th Quarter and Fiscal 2005	June 3, 2005

GL&V's press releases are sent out on the newswire in English and French, and may also be consulted on SEDAR's website (www.sedar.com) and the Company's website (www.glv.com).

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